

COMMITTEE ON GOVERNMENT REFORM
SUBCOMMITTEE ON GOVERNMENT MANAGEMENT, FINANCE AND ACCOUNTABILITY



OVERSIGHT HEARING:

***Implementing the Improper Payments Information Act:
Are We Making Progress?***

***OPENING STATEMENT OF
CHAIRMAN TODD RUSSELL PLATTS
JULY 20, 2005***

Congress has a responsibility to ensure that tax dollars are spent in the most effective manner, for their intended purpose. Unfortunately, as we will hear today, billions of dollars continue to be lost due to improper payments – any payment that should not have been made.

Just two days ago, the *New York Times* reported that it had conducted a year-long investigation into fraud in the Medicaid Program for the State of New York. The results of the investigation were staggering – billions of dollars wasted because of fraud and abuse. Improper payments are not always fraudulent, they can be the results of simple mistakes. Whatever the cause, we have a responsibility to do a much better job in safeguarding taxpayer funds. The most recent information provided this year by the Office of Management and Budget tells us that the U.S. government makes at least \$45 billion in payment errors each year.

The Bush Administration and Congress have made the reduction of improper payments a top priority. In support of that goal, this Subcommittee believes that taxpayers have a fundamental right to know how their tax dollars are being spent. In 2002, my esteemed former colleague, Congressman Steve Horn, who served as Chairman of this Subcommittee, was successful in securing the enactment of the “Improper Payments Information Act of 2002”. This law has helped bring to the forefront the need to address this issue more aggressively.

The work of the past few years has brought us a long way to getting our arms around the extent of the problem. What we know today is that a primary cause of these mistakes, which occur throughout government, is the lack of adequate internal financial controls and business process systems. Some agencies have employed new technologies, such as data mining and electronic benefits transfer, with great success to help reduce their error rates. More can be done, and we will continue to conduct effective oversight on this important topic.

Today, we will hear from the Honorable Linda Combs, who was recently confirmed as the Controller in the Office of Federal Financial Management at the Office of Management and Budget. Dr. Combs, thank you for being here. We look forward to working closely with you on this and other financial management issues. We will also hear from McCoy Williams from the U.S. Government Accountability Office. Mr. Williams, you have been very helpful to the Subcommittee over the past two and a half years. Thank you for being here again.